

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0394-04
Bill No.: SB 464
Subject: Insurance - Medical
Type: Original
Date: February 28, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund*	Unknown	Unknown	Unknown

***Savings could exceed \$100,000**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Conservation Commission Insurance Plan	Unknown	Unknown	Unknown
Missouri Highway and Transportation Commission - Highway and Patrol Health Plan	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds*	Unknown	Unknown	Unknown

***Savings could exceed \$100,000**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government*	Unknown	Unknown	Unknown

*Savings could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance** indicated there would be no fiscal impact to their agency resulting from this proposal.

Officials from the **Department of Conservation (MDC)** stated that this proposed legislation could have a positive impact on MDC's self-insured health plan; however, the amount of impact is unknown.

Officials from the **Department of Transportation (MoDOT)** stated that the Highway and Patrol Medical Plan has a reimbursement policy, which allows the MoDOT/MSHP Medical Plan (Plan) to recover medical claims expense from the subscriber/participant whenever the subscriber/participant receives payments for physical or mental treatment from individuals, insurance companies, settlements, or court verdicts. Any reimbursement shall not exceed the amount actually paid by the Plan. Subrogation would also allow the Missouri Highway and Transportation Commission (MHTC) and the Plan to file a lawsuit against the third party, without including the subscriber/participant in the suit, for the difference in the reimbursement received and the costs of the medical claims paid by the plan. There may be fiscal impact to the MHTC for intangible costs for litigation. This cost cannot be determined. There may be a

positive fiscal impact to the medical plan, but this cost cannot be determined.

ASSUMPTION (continued)

Officials from **Missouri Consolidated Health Care Plan (MCHCP)** stated that events that may result in subrogated claims are unpredictable so it is difficult to forecast the potential savings this proposal may yield. In a February, 2000 study, using the InterStudy National HMO Financial Database, the subrogation/coordination of benefits rate for 1997 was \$1.38. Employing this rate results in a 2004 MCHCP potential savings of \$492,193 when applied to MCHCP's current 29,720 self-insured membership. MCHCP noted that this is a rough estimate and the \$1.38 figure is several years old and could be higher now. It is also noted, however, that figure refers to subrogation and coordination of benefits while the proposal only refers to subrogation.

Oversight assumes some cost savings could be passed on to the State, but is unable to determine that amount. **Oversight** also assumes other public entities could experience cost savings.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Savings</u> - Reduction in cost of benefits	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
CONSERVATION COMMISSION INSURANCE PLAN			
<u>Savings</u> - Health benefit reimbursements from third party tortfeasors	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION INSURANCE PLAN*	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

**MISSOURI HIGHWAY AND
 TRANSPORTATION COMMISSION
 (MHTC) - HIGHWAY AND PATROL
 MEDICAL PLAN**

FY 2004 (10
 Mo.)

FY 2005

FY 2006

Savings - Health benefit reimbursements
 from third party tortfeasors

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT ON
 MHTC - HIGHWAY AND PATROL
 MEDICAL PLAN***

Unknown

Unknown

Unknown

***Savings could exceed \$100,000**

FISCAL IMPACT - Local Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

LOCAL PUBLIC ENTITIES

Savings - Health benefit reimbursements
 from third party tortfeasors

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT ON
 LOCAL PUBLIC ENTITIES***

Unknown

Unknown

Unknown

***Savings could exceed \$100,000**

FISCAL IMPACT - Small Business

Small businesses that are self-insured could have a positive fiscal impact as a result of this proposal.

DESCRIPTION

This proposal allows public entities which provide health insurance coverage to their employees through a self-insured plan to file a subrogation claim or otherwise seek reimbursement from a

third party tortfeasor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
Missouri Consolidated Health Care Plan
Department of Conservation
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA
DIRECTOR
FEBRUARY 28, 2003